UNITED
NATIONS

TD

United Nations Conference
on Trade and Development

Distr.
GENERAL

TD/B/CN.1/9/Add.1
11 October 1993

Original: ENGLISH

TRADE AND DEVELOPMENT BOARD
Standing Committee on Commodities
Second session
Geneva, 1 November 1993
Item 2 of the provisional agenda

ADOPTION OF THE AGENDA AND ORGANIZATION OF WORK

Provisional agenda and annotations to the provisional agenda

Note by the UNCTAD secretariat

I. PROVISIONAL AGENDA

1. Election of officers

2. Adoption of the agenda and organization of work

3. Situation and prospects for commodities

   Identification and analysis of factors affecting commodity markets with a view, inter alia, to reducing distortions

4. Contribution to the improvement of the functioning of commodity markets

   Analysis of ways of improving the efficiency and use of existing mechanisms for the management of risks arising from commodity price fluctuations

GE.93-53888

5. Compensatory financing mechanisms

   Analysis of problems stemming from commodity-related export earnings shortfalls of developing countries and review of developments in the field of compensatory financing of export earnings shortfalls

6. Reducing excessive dependence on primary commodities

   Analysis of national experiences in horizontal and vertical diversification, including the possibilities for crop substitution

7. Fostering sustainable development in the commodity field

   Analysis of national experiences in the management of natural resources with regard to commodity production

8. Technical cooperation in the field of commodities

   Identification for consideration of areas in which technical cooperation should be strengthened

9. Reports of the subsidiary organs of the Standing Committee

10. Provisional agenda for the third session of the Standing Committee

11. Other business

12. Adoption of the report of the Standing Committee to the Trade and Development Board

II. ANNOTATIONS TO THE PROVISIONAL AGENDA

Item 1: Election of officers

Rule 18 of the rules of procedure of the main Committees of the Trade and Development Board states that: "At the commencement of the first meeting of each regular session, the Committee shall elect a Chairman, five Vice-Chairmen and a Rapporteur from among the representatives of its members. These officers shall constitute the Bureau of the Committee. In electing the officers, due account shall be taken of the need to ensure an equitable geographical distribution." Moreover, rule 19 indicates that "the Bureau of the Committee shall consist of seven members, including four members from groups A and C combined, two members from Group B and one member from Group D, referred to in the annex to General Assembly resolution 1995 (XIX) as amended".

Item 2: Adoption of the agenda and organization of work

The provisional agenda in section I above was approved by the Trade and Development Board at its second (pre-sessional) executive session (see TD/B/EX(2)/2, para. 30, and TD/B/CN.1/9). As provided for in the UNCTAD calendar of meetings, the Standing Committee will have available five working days from 1 to 5 November 1993. Throughout the session, interpretation facilities will be available for one meeting in the morning and one meeting in the afternoon. At its 6th (opening) meeting, on 1 November 1993, an opening statement will be made by the Secretary-General of UNCTAD or his representative. The rest of the second

session of the Standing Committee will be devoted to items 3 to 12 of the provisional agenda. It is suggested that the morning of Wednesday 3 November be devoted to an informal session in which five of the experts who participated in the Secretary-General's Group of Experts on Commodity Exchanges (cf. item 4 below) will present the main issues discussed in that group.

Item 3: Situation and prospects for commodities: identification and analysis of factors affecting commodity markets with a view, inter alia, to reducing distortions

With a view to assisting the Standing Committee in examining the situation and prospects for commodities, the secretariat has prepared a report entitled "Identification and analysis of factors affecting commodity markets with a view, *inter alia*, to reducing distortions" (TD/B/CN.1/13), which identifies the factors that account for different situations in commodity markets in terms of the balance of supply and demand, including distortions and market failure, and structural determinants of supply and demand. It also discusses the impact of the above on the ability of the markets to allocate resources optimally and on the development prospects of commodity-dependent developing countries, and ends with some preliminary considerations on policies that may address the problems.

Item 4: Contribution to the improvement of the functioning of commodity markets: analysis of ways of improving the efficiency and use of existing mechanisms for the management of risks arising from commodity price fluctuations

The attention of the Standing Committee is drawn to paragraph 213 of "A New Partnership for Development: the Cartagena Commitment", pursuant to which the Secretary-General of UNCTAD convened a group of governmental and non-governmental experts to examine (a) the conditions, both technical and regulatory, for encouraging maximum participation in, and usage of, commodity exchanges by both buyers and sellers of commodities and (b) proposals to address these conditions. The Group of experts met on 24-27 May 1993 and on 13-15 September 1993 to examine (a) and (b) respectively.

For the consideration of this item, the Standing Committee will have before it two documents. The first is the report by the secretariat entitled "Analysis of ways of improving the efficiency and use of existing mechanisms for the management of risks arising from commodity price fluctuations" (TD/B/CN.1/10). The report is based on the secretariat's input to the Group of Experts contained in the document entitled "Technical and regulatory conditions influencing participation in, and usage of, commodity exchanges by both buyers and sellers of commodities" (UNCTAD/COM/16); on the background document "Survey of commodity risk management instruments" (UNCTAD/COM/15); and on a summary of the discussions in the first session of the Group of Experts (these last two papers will also be available for the Standing Committee). The second document contains the "Proposals of the Group of Experts on Commodity Exchanges" (TD/B/CN.1/10/Add.1) emanating from the second meeting of the Group.

Item 5: Compensatory financing mechanisms: analysis of problems stemming from commodity-related export earnings shortfalls of developing countries and review of developments in the field of compensatory financing of export earnings shortfalls

With a view to assisting the Standing Committee in analysing the nature of shortfalls and their impact on producing countries, as well as in reviewing the

performance of compensatory financing schemes for addressing the needs of countries, the secretariat has prepared the report entitled "Review of developments in the field of compensatory financing and export earnings shortfalls" (TD/B/CN.1/11).

Item 6: Reducing excessive dependence on primary commodities: analysis of national experiences in horizontal and vertical diversification, including the possibilities for crop substitution

In order to facilitate the search for a framework allowing for the analysis of diversification experiences, the secretariat has prepared a report entitled "Analysis of national experiences in horizontal and vertical diversification, including the possibilities for crop substitution" (TD/B/CN.1/14). The aim of the report is to provide the Standing Committee with a basis for an examination of national experiences leading to the identification of issues in diversification strategies, of best practice approaches, and of the kind of assistance needed from the international community.

Item 7: Fostering sustainable development in the commodity field: analysis of national experiences in the management of natural resources with regard to commodity production

In paragraph 208 of the Cartagena Commitment, the Conference recognizes that commodities, inasmuch as they are natural resources, are an important aspect of sustainable development. With respect to the role of UNCTAD in this regard, paragraph 214 further states that UNCTAD should systematically explore the links between commodity policies, use and management of natural resources and sustainable development and should provide information and technical cooperation in this regard.

For the consideration of this item, the Standing Committee will have before it two documents. The first is the report by the secretariat entitled "Mineral resources and sustainable development" (TD/B/CN.1/16), which starts from the premise that mineral economies have an especially difficult problem in achieving sustainable development. It further concentrates on the efficiency of management both at the sectoral level, in terms of better use of resource information and organization of mineral production, and at the macro-economic level, in terms of appropriate policies for the absorption of mineral rents.

The second report by the secretariat, entitled "Experiences concerning environmental effects of commodity production and processing: synthesis of case studies on cocoa, coffee and rice" (TD/B/CN.1/15), is concerned with the environmental issues raised by agricultural commodity production, on the basis of case studies on cocoa, coffee and rice production in 11 countries, contributed by consultants under a project financed by the Government of the Netherlands. The report describes the environmental effects of production techniques, identifying those which appear preferable in terms of natural resources management and environmental protection, and suggests policies for improving natural resource management in the commodity sector at the national level and the support required from the international community.

Item 8: Technical cooperation in the field of commodities: identification for consideration of areas in which technical cooperation should be strengthened

The Standing Committee will have before it a secretariat report entitled "Identification for consideration of areas in which technical cooperation should

be strengthened" (TD/B/CN.1/12). The report summarizes past and ongoing experiences in the development and implementation of technical cooperation activities in the commodities field, and outlines areas in which new activities could be envisaged.

Item 9: Reports of the subsidiary organs of the Standing Committee

Under this item the Standing Committee will have before it the reports of the Intergovernmental Group of Experts on Iron Ore on its first session, held from 26 to 28 October 1992 (TD/B/CN.1/5 - TD/B/CN.1/IRON ORE/5) and the report of the Intergovernmental Group of Experts on Tungsten on its first session, held from 7 to 11 December 1992 (TD/B/CN.1/7 - TD/B/CN.1/TUNGSTEN/5). It will also have before it the report of the second *Ad hoc* Review Meeting on Bauxite, held from 29 to 30 April 1993 (TD/B/CN.1/RM/BAUXITE/4).

The Standing Committee may wish to take note of these reports and to make some general recommendations regarding future orientations for the work of these Groups.

Item 10: Provisional agenda for the third session of the Standing Committee

It is recalled that the first session of the Standing Committee on Commodities (see TD/B/39(2)/4 - TD/B/CN.1/6, paras. 80 and 81) decided that "the work programme agreed at its first session should provide the content for its agendas". It further agreed that "the choice of the specific agenda topics within the main headings of the work programme would be determined in the informal consultative mechanism established in accordance with paragraph 83 of the Cartagena Commitment, taking into account the evolution of the world commodity situation and progress in the work of the secretariat". The Standing Committee may wish to consider this issue in the light of the experience of the second session, and bearing in mind resolution 352(XXXIV) of the Trade and Development Board.* On the basis of the decisions of the Standing Committee, a draft provisional agenda for its third session will be submitted for consideration to the (pre-sessional) executive session of the Trade and Development Board, scheduled to be held prior to the second part of the fortieth session of the Board.

Item 11: Other business

Item 12: Adoption of the report of the Standing Committee to the Trade and Development Board

The report of the Standing Committee will be considered by the Trade and Development Board at the second part of its fortieth session, scheduled to be held from 11 to 22 April 1994.

---

* By its resolution 352(XXXIV), of 20 November 1987, the Board endorsed the report of the Ad Hoc Intergovernmental Working Group on the In-depth Study of the United Nations Intergovernmental Structure and Functions in the Economic and Social Fields (TD/B/1154). The report specifies, inter alia, that only one document of 24 pages should be prepared by the secretariat for each substantive agenda item, and that background documentation should be made available if requested and agreed to by member States.